800

General Government

Budget function 800 covers the central management and policy responsibilities of both the legislative and executive branches of the federal government. Among the agencies it funds are the General Services Administration and the Internal Revenue Service. CBO estimates that in 2000, outlays for function 800 will total $14.4 billion—most of which is discretionary spending. Over the past 10 years, spending for the function has increased fairly steadily.

Federal Spending, Fiscal Years 1990-2000 (In billions of dollars)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Estimate 2000
Budget Authority (Discretionary)	11.5	12.2	11.3	11.6	12.1	11.9	11.6	11.8	12.1	13.7	12.6
Outlays											
Discretionary	9.0	10.4	11.0	11.5	11.7	12.4	11.8	12.1	12.0	12.4	13.3
Mandatory	1.6	1.4	2.0	1.5	-0.3	1.6	0.2	0.8	3.7	3.3	1.1
Total	10.6	11.7	13.0	13.1	11.3	14.0	12.0	12.9	15.7	15.8	14.4
Memorandum:											
Annual Percentage Change in Discretionary Outlays		15.3	6.3	4.8	1.1	6.3	-5.1	2.7	-0.5	3.2	6.8

800-01 Restrict Public-Purpose Transfers of Real Property by GSA

	Added Receipts (Millions of dollars)
2001	45
2002	45
2003	45
2004	45
2005	45
2001-2005	225
2001-2010	450

SPENDING CATEGORY:

Mandatory

The General Services Administration (GSA) makes surplus federal buildings, land, and other property available to state and local governments, nonprofit organizations, and others for use as parks, prisons, schools, and airports. The government makes the property available free or at deep discounts. In 1999, according to GSA data, the government donated 90 pieces of property valued at $81 million. For the 1995-1999 period, the value of donations totaled about $500 million. If the government discontinued the program and instead sold surplus property at market value, it could increase offsetting receipts by a total of $450 million over 10 years. (That number represents the net of roughly $500 million in additional receipts less GSA's authority to retain and spend 12 percent of such amounts—or about $50 million over the 10-year period.)

According to supporters of this option, selling surplus property, rather than giving it away, would raise revenue for the government and would ensure, through open competition for assets in the market, that property is put to its most highly valued use. They note that the government already provides abundant direct and indirect assistance to states and localities to support conservation, education, and other public services. They also point out that nonprofit organizations will receive about $30 billion in federal support in tax deductions for charitable contributions in 2000. In addition, the program provides uneven assistance, which favors areas with a heavy federal presence, according to those who would restrict it.

Advocates of transferring surplus property argue that the program provides valuable support to localities, nonprofit organizations, and others struggling to offer useful public services in areas such as education, conservation, and transportation. During periods of fiscal restraint, such programs also offer the government a way to support causes it deems worthy, without having to make appropriations. In addition, advocates argue that transferring surplus property to communities may offset some of the local impact of closing federal installations.

800-02 Eliminate General Fiscal Assistance to the District of Columbia

	Savings (Millions of dollars) Budget Authority	Outlays
Relative to WODI		
2001	28	28
2002	28	28
2003	28	28
2004	28	28
2005	28	28
2001-2005	140	140
2001-2010	280	280
Relative to WIDI		
2001	28	28
2002	29	29
2003	29	29
2004	30	30
2005	30	30
2001-2005	146	146
2001-2010	306	306

SPENDING CATEGORY:

Discretionary

Under the National Capital Revitalization and Self-Government Improvement Act (Revitalization Act) of 1997, the federal government assumed responsibility for providing certain services to the District of Columbia in exchange for eliminating the annual payment of general assistance to the District. Specifically, the federal government agreed to fund the operations of the District's criminal justice, court, and correctional systems. It also assumed responsibility for paying off more than $5 billion in unfunded liabilities owed by the city to several pension plans, increased the federal share of the city's Medicaid payments, and provided special borrowing authority to the District.

For fiscal year 1998, the Revitalization Act included slightly more than $200 million in assistance for the District that was not related to the obligations specifically assumed by the federal government. For fiscal year 1999, the city received $232 million in such funding, compared with $28 million for fiscal year 2000. The amount for 2000 includes funds for defraying out-of-state tuition costs, providing adoption incentives, and preventing the supply of narcotics. Eliminating such funds would save $280 million over the 2001-2010 period.

One argument for eliminating such funding is that the federal government relieved the District of Columbia government of the cost of a substantial, and increasing, portion of its budget—criminal justice, Medicaid, and pensions. The proposed trade-off for assuming responsibility for those functions was eliminating other assistance, including the annual federal payment. Eliminating assistance would be consistent with that policy. Furthermore, because the District of Columbia's financial situation has recently improved considerably, the city needs less assistance.

One argument against eliminating such funding is that the Constitution gives the Congress responsibility for overseeing the District of Columbia (which the Congress has largely delegated to the city government) and the city still has major problems with its public schools, roadways, and other essential city services. Therefore, opponents of this option argue that the need continues for funding assistance. Moreover, the Congress prevents the District of Columbia from imposing commuter taxes as other cities do. Such taxes are levied on nonresidents who work in a city and benefit from city services. Two of three dollars earned in the District of Columbia are earned by nonresidents. Finally, opponents note that continued assistance is justified because a large portion of city property is exempt from local taxes, including the property owned by the federal government or foreign nations that accounts for over 40 percent of property in the city.

800-03 Eliminate Mandatory Grants to U.S. Territories

	Savings (Millions of dollars) Budget Authority	Outlays
2001	28	2
2002	28	8
2003	28	11
2004	28	16
2005	28	22
2001-2005	140	59
2001-2010	280	197

SPENDING CATEGORY:

Mandatory

As part of the Covenant to Establish a Commonwealth of the Northern Mariana Islands (CNMI), the federal government agreed to provide financial assistance to CNMI, a U.S. territory. During the 1978-1992 period, the federal government provided CNMI with $420 million for operations, economic development, and infrastructure.

After 1992, the financial assistance agreement between the United States and CNMI requires, in the absence of a new agreement, that grants to the Commonwealth continue indefinitely at the 1992 funding amount—$28 million. In 1996, Public Law 104-134 reallocated the $28 million in annual grants among CNMI; the territories of Guam, American Samoa, and the Virgin Islands; and the freely associated states of Micronesia and the Marshall Islands. The reallocation was made, in part, because the government believed that the goals of the original financial assistance agreements had been met and that other areas had a greater need for assistance. Of the $28 million, more than $11 million continues to go to CNMI.

The option and savings assume a new agreement with CNMI. Eliminating the mandatory grants to the U.S. territories and freely associated states would save about $200 million over the 2001-2010 period. Because the territories spend new grants relatively slowly, eliminating the grants would not save much money in the first several years. The Department of the Interior could include additional funding for infrastructure and other purposes as part of its annual appropriation request; however, the territories would no longer be entitled to the $28 million, and requests for additional appropriations for infrastructure grants would compete with all other appropriation requests. For instance, in fiscal year 2000, the Congress appropriated $42 million in assistance to the territories.

Aside from reducing direct spending, eliminating the grants would put assistance for capital needs on equal footing with other assistance to the territories and with similar grants to state and local governments. In addition, some people argue that the reason for providing mandatory assistance to CNMI has ended because its goals have been met. The decision to reallocate the annual funds among the insular areas would seem to support that conclusion. In addition, CNMI has had considerable difficulty developing projects, raising matching funds, and receiving approval from the Department of the Interior, all of which suggests that the goals for which the funding was designed have been met.

Those who would continue the grants argue that the insular areas still have significant needs and that the mandatory grants ensure that funding is available. In addition, CNMI has a growing economy and increasing self-sufficiency, which supporters of this option cite as proof that the federal assistance works. Others argue that any further change in CNMI's funding should be part of a new financial agreement between the United States and CNMI. Otherwise, CNMI could view the unilateral ending of the assistance as a breach of good faith on the part of the U.S. government, which could have political and legal repercussions.

800-04 Require the IRS to Deposit Fees from Installment Agreements in the Treasury as Miscellaneous Receipts

	Savings (Millions of dollars) Budget Authority	Outlays
2001	92	86
2002	94	94
2003	96	96
2004	94	94
2005	96	96
2001-2005	472	466
2001-2010	980	974

SPENDING CATEGORY:

Mandatory

The fiscal year 1996 appropriation act for the Department of the Treasury, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies authorizes the Internal Revenue Service (IRS) to establish new fees and increase existing fees. The act also allows the IRS to retain and spend receipts collected from those fees, up to an annual limit of $119 million. The IRS has used the authority mainly to charge taxpayers a fee for entering into payment plans with the agency. In fiscal year 1999, the IRS collected $88 million and spent $90 million in fee receipts (including $2 million in fees collected before 1999).

Requiring the IRS to deposit those receipts in the Treasury would eliminate the IRS's ability to spend them. That would reduce the IRS's direct spending by nearly $100 million a year, or $974 million over the 2001-2010 period. That estimate assumes that removing the spending authority would not substantially reduce the amount the IRS collects each year from such fees.

An argument for eliminating the IRS's authority to spend the receipts is that processing payment plans with the taxpayers is an administrative function directly related to the IRS's mission—getting citizens to pay the taxes they owe —and for which the agency already receives an annual appropriation. For fiscal year 2000, for instance, the IRS received $8.25 billion in direct appropriations (not counting transfers). That argument may have particular merit because the IRS does not directly use the receipts collected from fees for installment agreements to fund the processing of those agreements. A second argument is that the spending authority could create the incentive for the IRS to unnecessarily encourage taxpayers to pay their taxes in installments. Similarly, it could encourage the agency to seek new and unnecessary fees.

An argument for continuing to allow the IRS to spend the receipts is that given the constraints on total discretionary spending, allowing the IRS to generate and use fee receipts helps ensure that the federal government's main revenue collector has sufficient funding to fulfill its mission. Some people would argue that even an annual decrease of roughly $100 million could negatively affect revenue collection. In addition, eliminating the spending authority could reduce the IRS's incentive to allow, or its ability to provide for, installment payments, thus hurting those taxpayers who would benefit from such arrangements.

800-05 Eliminate Federal Antidrug Advertising

	Savings (Millions of dollars) Budget Authority	Outlays
Relative to WODI		
2001	185	56
2002	185	148
2003	185	185
2004	185	185
2005	185	185
2001-2005	925	759
2001-2010	1,850	1,684
Relative to WIDI		
2001	188	56
2002	191	151
2003	194	192
2004	198	195
2005	201	198
2001-2005	972	792
2001-2010	2,029	1,833

SPENDING CATEGORY:

Discretionary

RELATED OPTIONS:

750-01 and 750-02

The fiscal year 1998 appropriation act for the Department of the Treasury, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies authorized and provided funding of $195 million to the Office of National Drug Control Policy (ONDCP) for a national antidrug media campaign. The Omnibus Consolidated and Emergency Supplemental Appropriations Act provided $185 million for the program in fiscal year 1999 and authorized $195 million for each of fiscal years 2000 through 2002. Amounts provided to ONDCP can be used to test and evaluate advertising, purchase media time, and evaluate the effects. In addition, the agency must try to get donations from nonfederal sources to finance part of the costs.

For fiscal year 2000, the Treasury and General Government Appropriations Act provided $185 million for the antidrug media program. Thus, eliminating it would save $1.7 billion over the 2001-2010 period, assuming that the Congress will otherwise continue to provide the same level of funding for the program that it provided for fiscal year 2000.

Arguments for terminating funding of the advertising campaign are many. First, solid empirical evidence of media campaigns' effectiveness in either preventing or reducing drug use is lacking. Some analysts claim that media spots do not reduce drug use by minors as effectively as treatment or interdiction. Furthermore, since nonprofit organizations, such as the Partnership for a Drug-Free America, already conduct educational programs about the dangers of drug use, ONDCP's campaign may duplicate private and local efforts. In any event, with more than $300 million in available balances at the start of this year and the authority to solicit and use public donations, ONDCP could continue the media campaign, on a much smaller scale, without an annual appropriation.

Other analysts argue that educating the young about the hazards of drug use is a national responsibility. Some point to the "Just Say No" campaign begun by former First Lady Nancy Reagan in the 1980s as an example of the successful use of the national media to raise young people's awareness of the dangers of drugs. Proponents of the program also argue that the cost of drug abuse to the country is so high that it is worthwhile to maintain a program that reduces drug use even slightly.

800-06 Eliminate the Presidential Election Campaign Fund

	Savings (Millions of dollars) Budget Authority	Outlays
2001	62	0
2002	61	0
2003	60	29
2004	60	226
2005	60	14
2001-2005	303	269
2001-2010	603	596

SPENDING CATEGORY:

Mandatory

During each Presidential election cycle, the federal government distributes money from the Presidential Election Campaign Fund to candidates and political parties who agree to limit their campaign expenditures. All candidates —even those who do not accept public funds—are also bound by federal limits on campaign contributions, established in 1974, that restrict donations by individuals to $1,000.

This option would, after the 2000 election, eliminate the fund and stop the flow of public funds to Presidential candidates and political parties. (Policymakers may, in conjunction with this option, wish to change the rules limiting contributions by individuals, but such changes would not directly affect the budget.) The first savings from this option would not appear until 2003, so total savings over the first five years would be only $269 million, but the total savings through 2010 would be $596 million.

Proponents of this option argue that the current system is unjustified and inefficient. Many critics feel that federal funding has done little to reduce the time or effort candidates spend raising money from private sources. They also charge that candidates have found numerous indirect means of circumventing limits on expenditures, such as “issue advertisements” paid for by parties or special interest groups. They dispute the need to give public funds either to major parties and candidates, which are already well-financed, or to minor parties and candidates, which have little chance of success. Finally, the proportion of taxpayers that choose to earmark a portion of their tax liability for the fund has declined steadily over the past two decades to less than 15 percent, which suggests that the program has little public support.

Opponents of this option believe that the current system limits the influence of special interests and wealthy contributors and allows poorly funded candidates to positively influence the national debate. They argue that public funding has reduced candidates’ and parties’ dependence on contributions from special interest groups, corporations, and the wealthy. They note that the funds given to candidates from a minor party constitute only a small portion of total public spending on Presidential elections (for the five elections between 1976 and 1992, the amount was less than 2 percent) and allow such candidates to bring public attention to issues that might otherwise be ignored.